University of Regina

Financial Statements

For the Year Ended April 30, 2000

Regina, Saskatchewan, Canada

University of Regina

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University of Regina

Statement of Management Responsibility

For the Year Ended April 30, 2000

The University is responsible for the preparation of the financial statements and has prepared them in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA). The University believes the financial statements present fairly the University's financial position as at April 30, 2000 and the results of its operations for the year then ended.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility for approving the financial statements. The Board has delegated certain of the responsibilities to its Finance and Audit Committee including the responsibility for reviewing the annual financial statements and meeting with management and the Provincial Auditor of Saskatchewan on matters relating to the financial process. The Provincial Auditor has full access to the Finance and Audit Committee with or without the presence of management.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan reports to the Board as to the adequacy of these cor rols.

The financial statements for the year ended April 30, 2000 have been reported on by the Provincial Auditor Saskatchewan, the auditor appointed under *The University of Regina Act*. The Auditor's Report on the following page outlines the scope of his examination and provides his opinion on the fairness of presentation of the information in the financial statements.

David T. Barnard

Dr. David T. Barnard
President

Dr. R. James Tomkins
Vice-President (Administration)

Date: August 23, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Regina as at April 30, 2000 and the statements of operations and changes in fund balances and statement of cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 23, 2000 (except as Note 18b) which is as of September 12, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

University of Regina

Statement 1

Statement of Financial Position
As at April 30, 2000
With comparative figures for April 30, 1999
(in thousands of dollars)

	General	Restricted	Endowment	Total 2000	Total 1999
Current Assets					
Accounts receivable (Note 8)	$ 5,627	$ 4,010	$ 15	$ 9,652	$ 10,116
Inventories	2,222			2,222	2,348
Prepaid expenses	232	1		233	211
	8,081	4,011	15	12,107	12,675
Long Term Assets					
Long-term investments		9,728	12,253	21,981	19,459
Capital assets (Note 5)		98,095		98,095	92,888
	$ 8,081	$ 111,834	$ 12,268	$ 132,183	$ 125,022
Current Liabilities					
Bank Overdraft (Cash) (Note 4)	$ 8,354	$ (2,620)		$ 5,734	$ 1,936
Accounts payable and other accrued liablilities	1,893	746		2,639	6,677
Accrual for vacation pay and early retirement (Note 14)	2,412			2,412	2,638
Deferred income	1,762			1,762	1,505
Current portion of long-term debt (Note 6)		633		633	637
	14,421	(1,241)	0	13,180	13,393
Long Term Liabilities					
Long-term debt (Note 6)	200	11,729		11,929	13,438
Due to (from) other funds (Note 7)	579	(579)		0	0
Accrual for early retirement (Note 14)	358	0		358	719
	1,137	11,150	0	12,287	14,157
Fund Balances					
Externally restricted funds		18,479	$ 12,268	30,747	26,763
Internally restricted funds (Note 12)	2,639	1,027		3,666	1,368
Invested in Capital Assets		82,419		82,419	80,951
Unrestricted funds	(10,116)			(10,116)	(11,610)
	(7,477)	101,925	12,268	106,716	97,472
Total Liabilities and Fund Balances	$ 8,081	$ 111,834	$ 12,268	$ 132,183	$ 125,022

On Behalf of the Board of Governors

Chairperson of the Board

Vice-President (Administration)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 2

Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 2000
With comparative figures for 1999

(in thousands of dollars)	General	Restricted	Endowment	Total 2000	Total 1999
Revenues					
Government grants and contracts					
Government of Canada	$ 683	$ 4,918		$ 5,601	$ 5,303
Department of Post-Secondary Education & Skills Training	50,640	5,534		56,174	53,216
Other	689	4,258		4,947	3,077
Student fees	24,369	43		24,412	22,826
Contributions, gifts, donations and bequests	394	1,962	$ 217	2,573	2,037
Sales of services and products	12,763	794		13,557	12,782
Income from investments	152	1,085	1,494	2,731	865
Miscellaneous income	1,884	127		2,011	1,475
Income from operating leases (Note 16)		1,300		1,300	1,307
	91,574	20,021	1,711	113,306	102,888
Expenses					
Salaries					
Academic	30,323	92		30,415	30,998
Other	24,187	1,892		26,079	25,348
Employee benefits	7,153	131		7,284	6,809
Operational supplies and expenses	6,436	1,526		7,962	7,529
Travel	1,933	1,001		2,934	2,610
Cost of goods sold	3,767			3,767	3,907
Equipment, rental, maintenance & renovations	2,970	1,952		4,922	3,717
Utilities	4,427	41		4,468	4,697
Amortization of capital assets	391	8,300		8,691	7,982
Loss on disposal of capital assets	6	455		461	286
Scholarships, bursaries and prizes	2,719	3,131		5,850	4,398
Interest	456	711		1,167	1,232
Wascana Centre Authority levy	490			490	494
Bad debt expense	158			158	171
Change in early retirement and vacation pay accrual (Note 14)	(586)			(586)	(3,338)
	84,830	19,232	0	104,062	96,840
Net revenues (expenses)	6,744	789	1,711	9,244	6,048
Interfund transfers (Note 13)	(3,121)	2,924	197	0	0
Net increase (decrease) in fund balances for year	3,623	3,713	1,908	9,244	6,048
Fund balances, beginning of year	(11,100)	98,212	10,360	97,472	91,424
Fund balances, end of year	$ (7,477)	$ 101,925	$ 12,268	$ 106,716	$ 97,472

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 3

Statement of Cash Flows
For the Year Ended April 30, 2000
With comparative figures for 1999
(in thousands of dollars)

	General	Restricted	Endowment	Total 2000	Total 1999
Operating Activities					
Net revenues (expenses)	$ 6,744	$ 789	$ 1,711	$ 9,244	$ 6,048
Add back items not affecting cash:					
Amortization of capital assets	391	8,300		8,691	7,982
Unrealized (gains) losses on mutual funds		(853)	(1,259)	(2,112)	152
Loss on disposal of capital assets	6	455		461	286
Decrease (increase) in non-cash working capital	(972)	(2,451)	(16)	(3,439)	(1,283)
(Decrease) increase in long term accrual for early retirement	(361)			(361)	(216)
Cash generated by (used in) operating activities	5,808	6,240	436	12,484	12,969
Investing Activities					
Purchases of investments	(91,353)	(3,310)	(633)	(95,296)	(32,056)
Sales of investments	91,353	3,534		94,887	33,007
Purchases of assets:					
Land				0	0
Buildings	(51)	(6,824)		(6,875)	(2,516)
Site improvements	(21)	(616)		(637)	(1,806)
Furnishings and equipment	(1,072)	(4,222)		(5,294)	(2,499)
Software	(4)	(34)		(38)	(96)
Library resources	(1,516)			(1,516)	(1,796)
Sales of assets				0	0
Cash generated by (used in) investing activities	(2,664)	(11,472)	(633)	(14,769)	(7,762)
Financing Activities					
Acquisition of long-term debt	40			40	160
Repayment of long-term debt		(1,553)		(1,553)	(598)
Repayment of internal loans	(238)	238		0	0
Cash generated by (used in) financial activities	(198)	(1,315)	0	(1,513)	(438)
Net change in cash (bank overdraft)	2,946	(6,547)	(197)	(3,798)	4,769
Interfund Adjustments	(853)	656	197	0	0
Cash (bank overdraft), beginning of year	(10,447)	8,511	0	(1,936)	(6,705)
Cash (bank overdraft), end of year	$ (8,354)	$ 2,620	$ 0	$ (5,734)	$ (1,936)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 4

Statement of Operations and Changes in Fund Balances for the General Fund
For the Year Ended April 30, 2000
With comparative figures for 1999
(in thousands of dollars)

	Operating	Vacation Pay Accrual Funded from Future Revenues	Ancillary	Special Projects	Total 2000	Total 1999
Revenues						
Government grants and contracts						
Government of Canada	$ 457			$ 226	$ 683	$ 528
Department of Post-Secondary Education & Skills Training	49,779			861	50,640	47,683
Other	334			355	689	628
Student fees	24,165		$ 7	197	24,369	22,801
Contributions, gifts, donations and bequests	293			101	394	224
Sales of services and products	3,940		7,835	988	12,763	12,365
Income from investments	54		98		152	124
Miscellaneous income	1,164		294	426	1,884	1,298
	80,186	0	8,234	3,154	91,574	85,651
Expenses						
Salaries						
Academic	29,986			337	30,323	30,734
Other	21,615		1,656	916	24,187	23,034
Employee benefits	6,922		160	71	7,153	6,342
Operational supplies and expenses	5,141		702	593	6,436	6,271
Travel	1,681		15	237	1,933	1,765
Cost of goods sold			3,767		3,767	3,907
Equipment, rental, maintenance & renovations	2,100		629	241	2,970	2,080
Utilities	4,196		223	8	4,427	4,659
Amortization of capital assets			391		391	426
Loss on disposal of capital assets			6		6	0
Scholarships, bursaries and prizes	2,505		7	207	2,719	2,434
Interest	6		450		456	429
Wascana Centre Authority levy	490				490	494
Bad debt expense	158				158	171
Change in early retirement and vacation pay accrual (Note 14)	(670)	84			(586)	(3,338)
	74,130	84	8,006	2,610	84,830	79,408
Net revenues (expenses)	6,056	(84)	228	544	6,744	6,243
Interfund transfers (Note 13)	(3,747)	0	858	(232)	(3,121)	(2,376)
Net increase (decrease) in fund balances for year	2,309	(84)	1,086	312	3,623	3,867
Fund balances, beginning of year	(5,260)	(1,918)	(4,170)	248	(11,100)	(14,967)
Fund balances, end of year	$ (2,951)	$ (2,002)	$ (3,084)	$ 560	$ (7,477)	$ (11,100)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 5

Statement of Operations and Changes in Fund Balances for the Restricted Funds
For the Year Ended April 30, 2000
With comparative figures for 1999
(in thousands of dollars)

	Capital Asset	Research	Trust	Total 2000	Total 1999
Revenues					
Government grants and contracts					
Government of Canada	$ 277	$ 4,632	$ 9	$ 4,918	$ 4,775
Department of Post-Secondary Education & Skills Training	5,533		1	5,534	5,533
Other	1,600	2,573	85	4,258	2,449
Student fees		43		43	25
Contributions, gifts, donations and bequests	300	20	1,642	1,962	1,647
Sales of services and products	49	745		794	417
Income from investments	62		1,023	1,085	698
Miscellaneous income		42	85	127	177
Income from operating leases (Note 16)	1,300			1,300	1,307
	9,121	8,055	2,845	20,021	17,028
Expenses					
Salaries					
Academic		92		92	264
Other		1,762	130	1,892	2,311
Employee benefits		127	4	131	467
Operational supplies and expenses	87	1,306	133	1,526	1,249
Travel		994	7	1,001	845
Equipment, rental, maintenance & renovations	1,588	345	19	1,952	1,637
Utilities	1	39	1	41	38
Amortization of capital assets	8,300			8,300	7,556
Loss on disposal of capital assets	455			455	286
Scholarships, bursaries and prizes		1,001	2,130	3,131	1,964
Interest	703		8	711	803
	11,134	5,666	2,432	19,232	17,420
Net revenues (expenses)	(2,013)	2,389	413	789	(392)
Interfund transfers (Note 13)	3,481	339	(896)	2,924	2,385
Net increase (decrease) in fund balances for year	1,468	2,728	(483)	3,713	1,993
Fund balances, beginning of year	80,951	5,685	11,576	98,212	96,219
Fund balances, end of year	$ 82,419	$ 8,413	$ 11,093	$ 101,925	$ 98,212

The accompanying notes are an integral part of these financial statements.

1. *Authority and Purpose*

The University of Regina became an autonomous institution on July 1, 1974 by an Act of the Saskatchewan Legislature. Its authority is *The University of Regina Act*, Chapter U-5, of the Province of Saskatchewan. The University is a registered charitable organization under the *Income Tax Act.*

The purpose of the University is the preservation, transmission, interpretation and enhancement of the cultural, scientific and artistic heritage of the human race, and the acquisition and expansion of new knowledge and understanding.

2. *Summary of Significant Accounting Policies*

These financial statements have been prepared in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA).

(a) Fund Accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The Statement of Operations and Changes in Fund Balances shows the total revenues and expenses of the University, after elimination of interfund transactions with ancillaries and internal cost recoveries. The University has classified accounts with similar characteristics into major funds as follows:

i) **The General Fund** accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted resources. The General Fund is further classified as Operating, Vacation Pay Accrual Funded from Future Revenues, Ancillary, and Special Projects.

- General – Operating Fund contains the academic, administrative and operational costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, and sales of goods and services to external parties. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

- General - Vacation Pay Accrual Funded from Future Revenues Fund records the amount of unpaid vacation pay for academic and non-academic staff which will be funded from future revenues.

- General - Ancillary Fund is composed of Ancillary Enterprises that provide goods and services to the University community. They are composed of the Bookstore, College West Residence, Printing Services, Parking, Food Services, Language Institute Residence, Language Institute Food Services, automated teller machines, confectionery store, and coffee shop. Ancillary Enterprises operate on a fee-for-service basis and must be self-funding. Charges to other University funds are eliminated for financial statement purposes by removing them from Ancillary revenues and expenses.

- General - Special Projects Fund consist of a number of individual accounts used to track operating projects' costs and recoveries in one place. These projects involve consulting, training, time-limited projects, or other.

ii) **The Restricted Fund** reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Capital Asset, Research, and Trust.

- Restricted -Capital Asset Fund consists of grants, gifts, interest and rental income used to acquire capital assets and repay long-term debt on certain capital assets.

- Restricted -Research Fund consists of grant and contract income and expenses specifically identified for research or related activities as restricted by granting agencies, research institutes and other public and private organizations.

- Restricted - Trust Fund consists of externally restricted resources that may be used in their entirety within the restrictions established by the provider of the funds. The bulk of these funds are restricted for the provision of scholarships or annual lectures.

iii) **The Endowment Fund** reports resources contributed for endowment. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(b) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) Capital Assets

Purchased capital assets are recorded at cost. Donated assets are reported at fair market value when received by the University. The University capitalizes all assets costing more than $2 and all computer-related assets costing more than $.5, except library resources, which are capitalized regardless of cost. The University capitalizes upgrades to buildings and site improvements greater than $10, except for Ancillary Enterprises, which have all upgrades capitalized regardless of cost. Assets costing less than these thresholds are expensed in the year purchased.

Capitalized assets are amortized on a straight line basis over their estimated useful lives as follows:

Buildings	- temporary	20 years
	- permanent	40 years
Site Improvements		10 to 40 years
Furnishings and equipment		3 to 30 years
Software		3 to 8 years
Library resources		10 years

Amortization of Ancillary assets is recorded in the General - Ancillary Fund. All other amortization is recorded in the Restricted - Capital Asset Fund.

An estimate for disposals or withdrawals of library holdings for superseded, poor condition, irrelevant, lost or stolen books is calculated at 1.05 percent of the net capitalized value of library holdings at the end of the preceding year.

Collections are not capitalized or amortized. All additions to collections are expensed in the year purchased.

The original land that was transferred to the University when it became a separate legal institution is reported on the statement of financial position at a nominal value of $1. This land includes 20 acres at the College Avenue Campus and 357 acres at the Main Campus. In 1989, the Main Campus was appraised by Crown Appraisals of Regina at four dollars per square foot for a total value of $62,204.

During the year, the University transferred a parcel of land totaling 32.6 acres to SIFC to accommodate their proposed new building. The value of this land is estimated at $8,500.

(d) Investments

i) Gains or losses on disposal are recorded in the year of disposal.

ii) Mutual funds are recorded at fair market value. Both realized and unrealized gains and losses are recognized as changes in the market values occur.

iii) Other investments are carried at cost.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method.

(f) Donations

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-Kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

(g) Pledges and bequests

Pledges and bequests are recorded as contributions in the period when pledged or bequeathed if the amounts to be received can be reasonably estimated and if collection is reasonably assured.

Pledges and bequests of $461 (1999 - $2,423) were not included in the financial statements because their ultimate collection cannot be reasonably assured.

(h) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources is recorded in the appropriate fund, depending on the external restriction placed on that income. If it must become part of the endowment amount, it is recognized as revenue of the Endowment Fund. If it may be spent for a restricted purpose, it is recorded as revenue of that restricted fund. If there are no restrictions on the income, it is reported as income of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

3. *Collections*

a) Collection of Rare Books, Records and Papers

The University Library maintains a collection of rare books and runs of bound old magazines. The collection is increased either by purchases or donations, which are minimal. The University does not dispose of items in this collection.

The University of Regina Archives collects the official records of the University of Regina, and private papers in various disciplines. The University Archives currently does not purchase or sell any items. All records and papers are transferred or donated.

b) Art Collection

The MacKenzie Art Gallery manages part of the University's art collection as described in note 17 to these financial statements. The University also owns various works of art including paintings, banners, sculptures, and drawings. Additions to and disposals of our collection are few.

c) Collection of Geographical Maps

The University's map library is a reference library containing maps, air photos, atlases, globes and documents on cartography and land use. Most additions come in the form of donations from government and private individuals. It is also a depository for the National Topographic Survey, who sends new and revised maps to the library monthly. The map library does not sell any items in its collection.

4. *Bank Overdraft*

The University's revolving overdraft at the Canadian Imperial Bank of Commerce is secured by hypothecation of grant revenue.

5. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2000	1999	2000	1999	2000	1999
Land	$ 58	$ 58	$ 0	$ 0	$ 58	$ 58
Buildings	109,040	103,342	42,789	40,545	66,251	62,797
Site Improvements	21,580	20,944	8,663	7,908	12,917	13,036
Furnishings & Equipment	29,310	25,814	21,652	20,700	7,658	5,114
Software	2,675	2,647	865	522	1,810	2,125
Library Resources	34,825	33,662	25,424	23,904	9,401	9,758
	$197,488	$186,467	$99,393	$93,579	$98,095	$92,888

At year end, the University had $5,386 in building and site improvement upgrades that were in progress. These upgrades are capitalized but not amortized at year end.

During the year, the University disposed of the following amounts of assets:

- Library Resources with an original cost of $353 (1999 – $338), in accordance with the policy described in note 2(c);
- Software with an original cost of $10 (1999 - $0);
- Buildings with an original cost of $1,178 (1999 - $490). The University made some major replacement upgrades;
- Furnishings and Equipment with an original cost of $1,798 (1999 - $1,209).

6. Long-Term Debt

Title of Issue	Interest Rate	Annual Repayment Terms	2000	1999
College West Residence Building Debenture, will be paid off Dec. 31, 2024, secured by building	7.25%	$ 155 principal & interest	$ 1,780	$ 1,805
Information Systems Management Building Mortgage, due Sept. 1, 2001, will be paid off Sept. 1, 2011, secured by land and building	6.97%	$ 945 principal & interest	7,461	7,877
Daycare Centre Long-Term Loan, due Jan. 1, 2004, will be paid off Jan 1, 2019	8.53%	$54 principal & interest	507	517
Long-Term Loan on 2 Research Drive Building, paid off Oct. 6, 1999	9.05%	$ 45 principal, interest compounded quarterly	0	961
Riddell Centre Building Loan, due May 1, 2002, will be paid off May 1, 2011	6.29%	$309 principal & interest	2,614	2,755
Sasktel New Media Fund Inc distance learning loan	15% total	None	200	160
			12,562	14,075
Less Current Portion			(633)	(637)
			$11,929	$13,438

The interest and principal repayments for the next five years are:

	Interest	Principal
2000/01	830	633
2001/02	786	678
2002/03	739	725
2003/04	688	778
2004/05	634	830

7. Due To/From Other Funds

Purpose and Funds Involved	Interest Rate	Annual Repayment Terms	2000	1999
Physical Activities Lifestyle Centre loan from Restricted - Capital Asset to General – Operating, paid off April 30, 2000	6.50%	$ 67 principal, interest paid once per year	$ 0	$ 67
DEC network loan from Restricted – Capital Asset to General – Operating, will be paid off April 30, 2003	6.00%	$211 blended principal and interest each year, paid monthly	579	749
			579	816
SCT software loan from Restricted - Trust to Restricted – Capital Asset, will be paid off April 30, 2001	6.25%	$ 100 principal, interest paid once per year	100	200

8. Accounts Receivable

Accounts receivable are composed of the following:

	2000	1999
Accounts receivable	$ 8,530	$ 8,672
Loans receivable	43	44
Pledges receivable	1,534	2,061
Less Allowance for doubtful accounts	(455)	(661)
Net receivables	$ 9,652	$ 10,116

9. Financial Instruments

a) Significant financial instruments, terms and conditions:

The University's significant financial instruments consist of accounts receivable, accounts payable, investments in mutual funds and bank indebtedness, including mortgages and line of credit. There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the long-term financial instruments are disclosed separately in these notes.

b) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The University is exposed to market risk due to its investment in

equity mutual funds. This risk is minimized by investing with a reputable company who maintains a diversified portfolio.

c) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The University is exposed to cash flow risk due to interest rate changes for its investment in money market and bond mutual funds and bank overdraft.

d) Credit risk:

Credit risk is the risk that the party owing the University money will fail to discharge that responsibility. The University is exposed to credit risk from the potential non-payment of accounts receivable and non-return of money invested in mutual funds. The maximum credit risk exposure is equal to the amounts disclosed on the Statement of Financial Position.

Approximately 13% (1999 - 16%) of the University's receivables are from students and employees. The credit risk from these is minimal as the University has various methods of recourse for collection such as withholding transcripts, certificates or degrees and payroll deduction.

Approximately 20% (1999 - 9%)of the University's receivables are from the three federated colleges on campus, which are related parties. See also note 17 to these financial statements.

The other 67% (1999 - 75%) of receivables are from the federal government, not-for-profit organizations, corporations and other universities.

The pledges receivable are from reputable corporations with a history of paying what they have pledged to the University.

The University minimizes credit risk related to mutual funds by investing with a reputable company.

e) Fair Value:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:
  - cash
  - accounts receivable
  - accounts payable
- The fair value of investments is considered to approximate the disclosed market values.
- The fair values of mortgages as at April 30, 2000 are shown in the table below. These fair values are determined using discounted cash flow analysis based on current incremental borrowing rates for similar borrowing arrangements.

College West Building	$1,667
ISM Building	7,102
Daycare Centre	526
Riddell Centre	2,392

These values will fluctuate as market interest rates change.

10. Pension Plans

The University is responsible for the administration of two contributory defined benefit pension plans, the Pension Plan for the Academic and Administrative Employees of the University of Regina and the Non-Academic Pension Plan. Actuarial valuations are completed regularly as prescribed by statute. The University contributes to its defined benefit Pension Funds the amounts recommended by the actuaries with minimum amounts specified in accordance with the plans and in the collective bargaining agreements. The assets including any potential surplus in the plan are for the benefit of the members and their beneficiaries. There is no provision that allows for the withdrawal of surplus by the University.

The Pension Plan for the Academic and Administrative Employees of The University of Regina is a defined benefit final average pension plan. An actuarial valuation, using the accrued benefit actuarial cost method, was performed on this plan as at December 31, 1999. The present value of accumulated benefits resulting from services provided to December 31, 1999 was $175,714 (1998 - $170,246). This amount less assets of $232,593 (1998 - $213,239) based on market related values, resulted in an actuarial surplus of $56,879 at December 31, 1999 (1998 - $42,993). Pension expense of $2,383 (1999 - $2,256) related to this plan is included in these financial statements.

On April 20, 1999, the Board approved, in principle, that this plan be closed to new members as of December 31, 1999. The Board agreed to enter into negotiations with the University of Regina Faculty association to discuss implementing a defined-contribution pension plan for academic and administrative employees who join the University on or after January 1, 2000.

The University of Regina Non-Academic Pension Plan is also a defined benefit final average pension plan. An actuarial valuation, using the accrued benefit actuarial cost method, was performed on this plan as at December 31, 1998 and extrapolated to December 31, 1999. The present value of accumulated benefits resulting from services provided to the valuation date was $40,025 (1998 - $37,797). This amount less assets of $52,225 (1998 - $47,307) based on market values, resulted in an actuarial surplus of $12,200 at December 31, 1999 (1998 - $9,510). Pension expense of $609 (1999 - $583) related to this plan is included in these financial statements.

In addition, the University is also responsible for the administration of a defined contribution pension plan, the University of Regina Pension Plan for Eligible Part Time Employees. The University matches contributions to this pension fund and has no further liability for the pensions of its members. Pension expense of $5 (1999 - $11) related to this plan is included in these financial statements.

11. Expenses by Function

	2000	1999
Instruction	$ 42,751	$ 44,875
Library	3,454	3,622
Computing & AV	2,548	1,984
Admin and General	14,530	7,130
Physical Plant	8,028	8,520
Student Services	2,903	2,746
Ancillary	8,006	8,218
Special Projects	2,610	2,313
Capital	11,134	10,405
Research	5,666	5,003
Trust & Endowment	2,432	2,024
Total Expenses	$ 104,062	$ 96,840

12. Fund Balances

a) Internally restricted fund balances

Funds involved and policy:	2000	1999
General – Operating: Certain faculties and departments who underspend their budgets in one year may carry forward this amount and spend it in the following year.	$ 5,163	$ 4,432
General – Ancillary: Ancillary operations must be self-funding. Positive fund balances are used by ancillaries while negative fund balances must be recovered.	(3,084)	(4,170)
General – Special Projects: Positive fund balances must be used by the special project.	560	248
General Fund total	$ 2,639	$ 510
Restricted – Research: Certain research is sponsored by various faculties and departments within the University.	$ 1,027	$ 858
Restricted Fund total	$ 1,027	$ 858

b) General - Operating Fund Balance

The General – Operating Fund is in an accumulated deficit position.

Between 1996 and 1998, the Board made two important decisions that increased the University's expenses, deficits and accumulated deficits in those years. In 1996-97, the Board put in place a Faculty Renewal/Voluntary Severance Plan to help rejuvenate the University's teaching and research human resources. In 1997-98, the Board approved the purchase of a new computer system for the University's library to prepare for the year 2000 and to help the library interface with other libraries. The Board intends to recover these costs over the next few years.

The following schedule sets out the status of these recoveries.

	2000	1999	Reduction in Accumulated Deficit
Faculty Renewal/Voluntary Severance Plan (FR/VSP)	$ 2,848	$ 3,754	$ 906
Library Voyager System	371	606	235
Historical Accumulated Deficit	(268)	900	1,168
Accumulated Deficit	$ 2,951	$ 5,260	$ 2,309

13. *Interfund Transfers*

Each year, the University transfers amounts between its funds for various purposes. These include funding capital asset purchases, and reassigning fund balances to support certain activities.

	General Funds					Restricted Funds					Endowment	
Description of Interfund Transfer	Operating	Ancillary	Special Projects	2000 Total	1999 Total	Capital Asset	Research	Trust	2000 Total	1999 Total	2000 Total	1999 Total
Support for capital asset purchases	$ (3,251)	$ 153	$ (53)	$ (3,151)	$ (2,490)	$ 3,245	$ (94)	$ 0	$ 3,151	$ 2,490		
Ancillary support of Operating	250	(250)		0	0							
Lease profit	140			140	110	(140)			(140)	(110)		
Support for Ancillary over-contribution to Riddell Centre construction costs	(500)	1,100		600	0			(600)	(600)	0		
Support for central computing assets	614			614	574	(614)			(614)	(574)		
Special initiatives money to support library computer system	235		(235)	0	0							
Ancillary administration fee	171	(171)		0	0							
Support for the construction of 72kV substation	(239)			(239)		239			239	0		
Support for the purchase of Physical Plant assets	(495)			(495)	(325)	495			495	325		
Support for Faculty Renewal/Voluntary Severance Plan	(87)	87		0	0					0		
Other miscellaneous transfers	(585)	(61)	56	(590)	(245)	256	433	(296)	393	254	$ 197	$ (9)
	$ (3,747)	$ 858	$ (232)	$ (3,121)	$(2,376)	$ 3,481	$ 339	$ (896)	$ 2,924	$ 2,385	$ 197	$ (9)

14. *Vacation Pay and Early Retirement Accruals*

In 1997/98, the Board approved a new early retirement program called the Faculty Renewal - Voluntary Severance Program. The program provides for lump-sum payouts over the subsequent three years based on the retiree's annual salary and other monthly benefits (e.g., maintenance of life insurance, dental premiums). These lump-sum payouts and monthly benefits are accrued at their present value as follows:

	Vacation Pay Accrual	Provision for Early Retirements	Total
Balance, April 30, 1998	1,857	4,837	6,694
Increase (decrease) during year	61	(3,398)	(3,337)
Balance, April 30, 1999	1,918	1,439	3,357
Increase (decrease) During year	84	(671)	(587)
Balance, April 30, 2000	2,002	768	2,770
Less long-term portion	0	(358)	(358)
	$ 2,002	$ 410	$ 2,412

15. *Budget Versus Actual for 2000*

General - Operating Fund:

The University of Regina budgets for the change in the accumulated fund balance (deficit).

	Budget	Actual
Revenues	$ 76,407	$ 80,186
Expenses	(74,227)	(74,130)
Net revenues (expenses)	2,180	6,056
Interfund Transfers	(1,680)	(3,747)
Net increase (decrease) in fund balance for year	$ 500	$ 2,309

The University's revenue budget of $76,407 is net of interfund transfers of $516 and internal operating recoveries of $3,985.

The University's expense budget of $74,227 is net of the deficit reduction provision of $500, library acquisitions of $2,196, and internal operating recoveries of $3,985.

The Interfund transfer budget is comprised of the $516 excluded from the revenue budget, and library acquisitions of $2,196.

General - Ancillary Fund:

	Budget	Actual
Revenues	$ 10,054	$ 8,234
Expenses	(9,976)	(8,006)
Net revenues (expenses)	78	228
Interfund Transfers	(250)	858
Net increase (decrease) in fund balance for year	$ (172)	$ 1,086

General - Special Projects Fund:

The University expected no change in the fund balance. It expects revenues to be sufficient to cover expenses incurred. There was actually an increase in fund balance during the year of $312.

Restricted - Capital Asset Fund:

The Restricted – Capital Asset Fund budget sets out expected government grant revenues from the Department of Post-Secondary Education & Skills Training of $5,573 for capital projects. The University actually received $5,533. The University does not budget for expected income from operating leases, investments, other government grants and contracts, or contributions, gifts, donations and bequests. Revenues from those sources totaled $3,311.

The University expected to spend $5,973 on capital asset purchases and rental, maintenance, renovations and Restricted – Capital Asset Fund related expenditures. Actual expenses (net of unbudgeted capital asset amortization of $8,300) totaled $2,834. The University also purchased assets totaling $11,696 which were capitalized and not expensed.

The University does not budget for interfund transfers in the Restricted - Capital Asset Fund.

Restricted - Research Fund:

The University expected no change in the fund balance. There was actually an increase in fund balance during the year of $2,728.

Restricted - Trust Fund:

The University expected no change in the fund balance. There was actually a decrease in fund balance during the year of $483.

Endowment Fund:

The University does not budget for the endowment fund since revenues are primarily dependent upon contributions, gifts, donations and bequests.

16. *Operating Leases*

The University currently leases out three buildings. The following table discloses information about these properties.

	ISM Building		2 Research Drive Building		Daycare Building	
	2000	1999	2000	1999	2000	1999
Capital cost	$ 8,980	$ 8,980	$ 1,107	$ 1,107	$ 577	$ 577
Accumulated amortization	2,021	1,796	134	106	86	71
Amortization expense	225	225	28	28	15	15
Outstanding debt	7,461	7,877	0	961	507	517
Principal & interest paid	945	945	1,005	134	54	54
Income from Operating Leases	1,160	1,160	86	93	54	54

17. *Related Party Transactions*

a) Government of Saskatchewan

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its Board of Governors members appointed by the Government of Saskatchewan. To the extent that the government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies, such as corporations, boards and commissions, are considered related parties to the University.

Operating and capital grants received from the Department of Post-Secondary Education and Skills Training are disclosed separately in the Statement of Operations and Changes in Fund Balances.

During the year, the University's Faculty of Administration received an additional loan of $40 from Sasktel New Media Fund Inc (SNMF). The total loan of $200 is to help finance the development of an internet website for the purposes of providing a distance learning component to the Faculty of Administration Senior Police Executive Education Development program. Based on the financial success of the program, the University agrees to repay the initial investment to SNMF, plus a 15% return on the initial investment.

The University currently leases land to the Saskatchewan Opportunities Corporation (SOCO). The lease is for 99 years at one dollar per year expiring on June 30, 2097. The land shall be used for and devoted to research and technology development activities.

Routine operating transactions with Government of Saskatchewan related parties are recorded at the standard or agreed rates charged by those organizations and are settled on normal trade terms. The larger of these expenditures are as follows:

	2000	1999
Sask. Power Corporation	$ 2,467	$ 2,458
Sask. Energy	69	62
Sask. Telecommunications	747	557
Sask. Property Management Corporation	169	154
University of Saskatchewan	182	229
Sask. Workers Compensation	122	111
Sask. Institute of Applied Science and Technology	77	121
Saskatchewan Centre of the Arts	36	35

At year end, the University had accounts payable to the above organizations totaling $253 (1999 - $233). The University had an account receivable from the University of Saskatchewan of $0 (1999 - $383). Otherwise, the University had no significant accounts receivable from these organizations at either year end.

b) University of Regina Crown Foundation

The University is also related to the University of Regina Crown Foundation through representation on the Foundation's Board of Trustees. The Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University for the purpose of supporting and promoting its education or research activities. It is currently not being used for this activity due to changes in income tax laws. As at the end of the year, the Foundation had no net assets.

c) Canadian Universities Reciprocal Insurance Exchange

The University of Regina is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums that are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year. As of December 31, 1999, CURIE had a surplus of $10,600 (1998 - $10,928). During the year, the University received a payment of $25 (1999 - $33) from CURIE.

d) MacKenzie Art Gallery Inc.

The Gallery is custodian of a collection of artwork that is the property of the University. The University provides funding to the Gallery, which can be reduced if the government grant to the University is reduced. The Gallery's Board contains two members appointed by the University. The University holds certain money in trust for the Gallery. Income earned on this money is, from time to time, paid to the Gallery to be used to purchase additional works of art to add to the Collection and for the cleaning and restoration of works comprised in the Collection. The University also provides other operating services to the Gallery such as audio visual, printing, and payroll services. The Gallery reimburses the University for these services.

During the year, the University applied grant money of $395 (1999 - $391) against the Gallery's receivable and paid $4 (1999 - $203) to the Gallery. The Gallery paid the University $536 (1999 - $711) for services rendered.

Amounts payable to and receivable from the Gallery were minimal at each year end.

The Gallery has given the University money to invest on its behalf in order to get better investment income. At year end, the balance of this investment, including accumulated interest totals $700 (1999 - $615) This amount is not included in the University's financial statements. The University does not charge the Gallery for this service.

e) Wascana Centre Authority

On April 1, 1962, the Wascana Centre Authority was constituted a body corporate under *The Wascana Centre Act*. The Government of Saskatchewan, the City of Regina and the University were named as participating parties. The University has a statutory obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act.

	2000	1999
Maintenance – Authority Land	$ 222	$ 284
Maintenance – University Land	173	213
Other miscellaneous payments	191	104
	$586	$ 601

The University received grants of $228 (1999 - $209) from the Department of Post-Secondary Education and Skills Training to help fund the above payments to the Wascana Centre Authority.

The University follows Wascana Centre Authority bylaws when policing its parking lots and meters. The University's tickets are turned over to the City of Regina for collection. The City of Regina sends the ticket revenue to Wascana Centre Authority, who forwards it to the University. During the year, Wascana Centre Authority paid the University $67 (1999 - $75) in ticket revenue.

f) Federated Colleges

Three colleges located on the main campus – Campion College, Luther College and the Saskatchewan Indian Federated College (SIFC) are federated with the University but are financially and administratively independent. Students interested in registering in a federated college must meet the general entrance requirements of the University of Regina. Courses offered by the University and the colleges are open to all students. The University's Board ot Governors sets the tuition rates that must be paid by all students. Degrees are granted by the University when students have completed all requirements. The University has agreements with the three colleges that determine how student fees are shared.

The following receipts and receivables resulted from the fee share agreements:

	2000	1999
Receipts from Campion College	$ 719	$ 1,135
Receipts from Luther College	1,207	1,043
Receipts from SIFC	0	100
	$ 1,926	$ 2,278
Receivable from Campion College at year end	$ 590	$ 50
Receivable from Luther College at year end	31	112
Receivable from SIFC at year end	457	270
	$ 1,078	$ 432

The University also provides other operating services to the colleges such as telephone, audio visual, library book purchasing, printing, and payroll services. The colleges reimburse the University for these services.

The following receipts and receivables resulted from these operating services:

	2000	1999
Receipts from Campion College	$ 358	$ 406
Receipts from Luther College	597	748
Receipts from SIFC	0	361
	$ 955	$1,515

	2000	1999
Receivable from Campion College at year end	$ 29	$ 1
Receivable from Luther College at year end	170	212
Receivable from SIFC at year end	427	125
	$ 626	$ 338

The University holds a number of trust funds on behalf of SIFC and Luther. The University also has other small agreements with the colleges. As a result of these, the University made payments to the colleges during the year as follows:

	2000	1999
Payments to Luther College	$ 86	$ 95
Payments to SIFC	1,147	403
Payments to Campion College	51	244

g) Petroleum Technology Research Centre

The Petroleum Technology Research Centre (PTRC) is a federally incorporated not-for-profit organization. Its founding participants include The University of Regina, The Saskatchewan Research Council (SRC), Natural Resources Canada (NRCan) and Saskatchewan Energy and Mines.

During the year, the University received $1,600 in funding from the PTRC for the acquisition of equipment to be placed in the PTRC building being constructed on campus. The University will own the equipment and is to be used in the research and development activities associated with the PTRC.

The University also employs professors who carry out PTRC related research. These professors will remain employees of the University of Regina. The University has an agreement with NRCan whereby NRCan will reimburse the University for part of these professors' salaries and benefits. This reimbursement is recorded when received. The PTRC member who will be the recipient of the benefits of the research will be determined on a project by project basis.

It is not possible to quantify the University's contribution to the PTRC in the research areas.

h) Saskatchewan Population Health Evaluation and Research Unit

The University has signed a ten-year memorandum of understanding with the Saskatchewan Population Health Evaluation and Research Unit (SPHERU) whereby the University agrees to provide administrative and research support

services to employees of SPHERU in return for an annual contribution of $80.

The University of Regina exercises significant influence over SPHERU by way of 25% of SPHERU's board of directors being comprised of members from the University who will be involved in the policy making process. SPHERU was established to increase Saskatchewan's overall health research capacity with an emphasis on population health and evaluation research.

SPHERU was incorporated under the Not for Profit Corporations Act on July 9, 1999. SPHERU expects to receive one time funding of $250 from the Medical Research Council, and annual funding of $250 from Saskatchewan Health and $250 from Health Services Utilization Research Commission (HSURC).

18. *Subsequent Events*

a) On April 20, 1999, the Board of Governors approved, in principle, that the Academic and Administrative Pension Plan be closed to new members as of December 31, 1999. The Board agreed to enter into negotiations with the University of Regina Faculty Association to discuss implementing a defined-contribution pension plan for academic and administrative employees who join the University on or after January 1, 2000.

On December 23, 1999, the University and the Faculty Association signed a Memorandum of Agreement (MOA) which agreed that the University would amend the Academic and Administrative Pension Plan by adding a new defined contribution component for employees who joined on or after January 1, 2000.

In addition, the University and Faculty agreed under the MOA to make available the following three options to active members that were part of the Plan before January 1, 2000:

- Remain in the defined benefit (DB) component of the Plan for both past and future service;
- Maintain the DB benefits for past service, but accumulate future service in the defined contribution (DC) component of the Plan; or
- Accumulate future service in the DC component and transfer credit for all past service from the current DB pension account to the DC component.

Members have until September 30, 2000 to elect their decision.

b) On September 12, 2000 the University announced plans for a proposed expansion to the Education Building on campus. The total cost of the project is estimated at $13,000 and consists of constructing an additional two floors on top of the existing structure.

The Provincial Government will provide funding for the project in the amount of $12,000, with $11,145 coming from the newly formed Centenary Fund and the remainder from sources to be determined. The remaining $1,000 will come from the University's annual capital funding.